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File No. 130-06

Serial Nos.

190 6-07

GENERAL AND REVENUE SECRETARIAT.

(Sep Rev).

Part A: Manuscript
for May 1907

Serial Nos. 192

Enhancement of the rates of duty on Ganja & Majum as also the levies of Ganja

G. R. S. 11] 1906.

GENERAL AND REVENUE SECRETARIAT.

( )

NOTES.

File No. 130-0

FILE HEADING.

Enhancement of the rates of duty on Ganja & Majum as also the price of Ganja.

From The Excise Comr

No. 442 Dated 28/5/07 Received 6/6/07

Diary No. 6939 Enclos. 1 Spare Copies. Serial No. 1

BRIEF ABSTRACT OF LETTER.

With ref. to remarks of the Excise Report for 05-06 & Govt review thereon, submits a draft Note for the consdn of Govt. enhancing the rates of duty on Ganja & Majum from Rs 3-6-8 to Rs 6-11-8 & Rs 5-0-0 & Rs 12-1-0 respectively from 1st prox. Also solicits sanction to raise the selling price of Ganja from 0-13-4 to Re 1-0-0 per which is the maximum allowable Govt while accepting the ~~form of tender~~ form of Note inviting tenders

The extracts from Annual Excise Report for 05-06 & the Govt. resolu

NOTES AND ORDERS.

Notes—First sheet.

MGCPB—30,000—17-2-05.

Serial No.

thereon are given in the letter under disposal itself. No doubt the enhancement of duty on Ganja in order to assimilate it with that prevailing in Madras was in a way decided, but our regulations dealing with the C & M. Stn. have to be first looked into before the proposal is finally sanctioned. When the duty was raised from Rs 3/- to Rs 3. 6. 8 at the time of the entering into the existing Contract in 1902-03 the Resident declined to give effect to this enhanced rate but gave the benefit of the difference (Rs 3. 6. 8 minus Rs 3. 0. 0. 6. 8) per seer to the licensee. This step evidently gave a wider margin of profit to the licensees in C & M. Stn. than in the City. (vide also Nos 12 & 17 in E-7. 6-01 and also para 23, 24 & 25 of the office note on the file.)

When after the recent sellin

Z
Y No 518 dy 31/5/02 (6)A.
47 6-01 Regnant
⊕ Lic. refer No 3.45/07
25/6/02

NOTE—Contn. sheet

Serial No.

price of ganja was raised to 2 annas per tola in the State with effect from 18th May 04 and the Residency declined to enhance the rate prevailing in the C & M. Stn which raised from one annas to 1½ annas per tola. (vide letter no 678-Est.b-or 97/4/04 to Resdt & his reply no 2174 of 28/4/04)

It is thus clear that the licensees have a wider margin of profit in the C & M. Stn there is the city and the consumers get the drug cheaper in the former than in the latter place. & it is therefore probable that there should have been smuggling in the city contrary to the law detrimental to the revenues. Enhancement of the duty as now preferred by the Resdt may render the matter worse. & this is a point requiring Consideration. If there be no objection the duty may be raised by Rs 5/- & the

NOTE—Contn. sheet

Serial No.

the Bangalore City
to regarding the raising the selling price of Ganja to one rupee the proposal has been sanctioned submitted for orders
Bree
13/5/07.

It is not quite clear how the C & M Station authorities can reasonably refuse to raise the rates corresponding to our rate. If they do refuse to raise the rate of duty to Rs 5, the Consumers of Bangalore would certainly obtain their supplies from the C & M Station shops where they can get the drug at a cheaper rate than from any of the City shops. The State licensees will be placed at a disadvantage, the State will lose its revenue and there will be smuggling of the drug into the City from the Station unless the rates are the same. The Chief Commr of Coorg wants us to raise our retail rate for the sale of Ganja to prevent smuggling into Coorg and for the same

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Reasons urged by him on behalf of Govt the C.T.M. Native authorities ought to raise their rate of duty & the retail price of ganja to the level at which they stand in Mysore & Madras. The Residency may be addressed on this point and before taking action in the direction proposed by the Excise Commr.

A draft — put up

Sub.d to General Secy

[illegible]

P.S. If the draft is approved, the (4-3-) issue of the notification sent by the Excise Commr may await the reply from the Residency

[illegible]

The above notes seem to me to betray some misconception of the situation.

We are not now interfering with the retail sale price of ganja, which was already fixed at 2 annas per tola with effect from 1st July 1904. The proposal is merely to increase the duty payable to Govt; this is payable by the vendor, who is not—

NOTE—Contn. sheet

Serial No.

at liberty to raise the retail sale price, which, as already stated, is fixed at 2 annas per tola. The raising of the duty cannot therefore affect the consumption of the drug in any way. On the other hand, it will very materially increase the revenue to the State from this source. The man that will suffer is the vendor, who will have to pay a higher rate of duty, and also a higher value (Rs 1 per seer) for the ganja purchased by him. But the raising of the retail price from 1 to 2 annas per tola has given him an ample margin of profit, which can easily stand the enhancements proposed.

~~Note for Secretary of State~~

The rental from shops may perhaps be slightly affected; that is, if increased competition does not lead to an opposite result. This is not a consequence to be deprecated, as rental is always an uncertain quantity, and it is wise to increase (relatively) any fixed revenue from duty even at some sacrifice of rental.

I do not therefore share the apprehensions expressed in the 4th para of the note of the Asstt Secy. Nor do I think that

NOTE—Contn sheet.

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we are in any way bound to consult the Residency before taking action to increase the rate of duty. The draft notifn. put up may accordingly be approved for very early issue.

We shall of course intimate to the Hon'ble the Resident the action taken by us; and it will be for him to decide whether he will follow our example, or forego the prospect of increased revenue by a self-denying ordinance.

I am not clear at present as to whether we have to consult the Residency about the enhancement of the price to be paid to the producer of ganja by the retail vendor. This will depend upon whether the C & M. Station tables its supply from our contractors; but in any case, the Residency cannot possibly object, specially as the difference is paid by the vendor, & enures no loss to the Station Revenue. The Office will submit this point separately for orders.

As regards the assimilation of the rate of retail price in the City and Station, I am sorry to observe that neither the Excise Comr nor the Secretariat has moved in the matter since 1904. The revival of the

Note—Contn sheet.

Serial No.

Station authorities was only to raising the rate during the currency of the then licenses in operation. They distinctly admitted that an increase of the rates would bring in more Khist, & were agreeable to the matter being considered after the termination of the official year then current. It is a pity that the matter was entirely lost sight of here. The office will submit separately a draft of a letter to the Residency, inviting attention to the correspondence of 1904, & pointing out that this is a favourable opportunity for assimilating the rate of retail selling price, whereby the margin of profit for the licensees will be raised & the opportunities for smuggling ~~diminished~~ completion between Station & City shops diminished, and the Station authorities also enabled to increase their duty by making it easier for the licensees to pay it.

The accumulation of important Station at the fair end of the official year is very inconvenient; but there seems no help for it now -

precise

GPB—50,000—23-10-05

G.R.S. 12]
General and Revenue Secretariat.

File No. 630 of 1906

Serial No.

Very early orders are solicited
regards the issue of the draft notifn re
enhancement of duty.

2912.
17.5.07.

4 December 1907

17-5-07

I agree with the Secretary -
The draft notifn may be
approved

4794
18/5/07

4/05/07 18 May 07

Sft 150-01

Submitted to His Highness.

With a view to equalize the rates of duty on Ganja and Majum in Mysore with those in British India, it is proposed to raise the present rates of duty including local cess, with effect from 1st July 1907, as follows:-

	Present.	Proposed.
Ganja - Rate of duty	3- 6-8	5-0-0
Majum - "	0-11-8	1-1-0

Paper under Fisheral
Para 2.

The matter was already brought to the notice of Government in the last report on the administration of the Excise Department, but ~~the~~ action had to be deferred at the time as it was not feasible to effect any change during the currency of the then existing Ganja contract. Now that the present contract terminates by the close of the official year, the Excise Commissioner has urged the desirability of giving effect to the change from 1st July 1907.

P
(Linked file)

The retail price of Ganja was raised from one to two annas per tola from 1st July 1904, and the effect of this has been to increase the profits of the retail vendor very largely, i.e., from 12 annas

to 5-12-0 per seer. The increase of duty now proposed will enable Government to derive some benefit from the increased retail price while still leaving to the retail vendor a large margin of profit as shown in the statement given in para 5 of the Excise Commissioner's letter.

Paper under Appeal

The proposed change does not in any way interfere with the retail price of Ganja, which continues at the rate of 2 annas per tola as heretofore, and will not affect the consumption adversely.

It is also proposed to increase the cost price of Ganja which is Rs.0-13-4 a seer at present to Rs.1 per seer, this being the maximum price which Government will pay for the article hereafter. The reasons for this are given in the Excise Commissioner's letter.

These proposals may be sanctioned.

11/5/07

Record of Cases submitted for the Orders of His Highness the Maharaja.

21.5.07
901

Subject.

Increase of the present rates of duty on Ganja and Majum from 1st July 1907.

Order.

Approved

~~K.R.M.V~~

23/5/07

25/5/1907

1) Done notify today
2) Then submit very same paragraph & a letter to the Dy as in my note 9-5-07.

Combined in Sch. 65-07.

27-5-07

G.R.S. 12]
General and Revenue Secretariat.

SH File No. 130 of 1906

Serial No. 2

To the Comptroller,
Mysore Gazette
No H 8776 dy 27/5/07
Forwards for publication
in part III of the Gazette
a Notn exempting the
rule of duty on Gunny & Hessian
bags & 5-0-0 and 1-1-0 respectively
per score of 80 lbs from 1st prox
to 31st Decr
No H 8777 dy 27/5/07
Forwards copy of the
above for information.

To Comptroller
No H 8778 dy 27/5/07
Forwards copy of the
above Notn for information.

NOTE—Contn. sheet

GPB—50,000—23-10-05

No. 4112 one

OFFICE OF THE EXCISE COMMISSIONER IN MYSORE.

DATED BANGALORE, 7th May 190 7.

From

P. N. Purnaiya Esquire, B. A.

Excise Commissioner in Mysore.

To

K. S. Chandrasekhara Iyer Esquire B. A. B. L.,

Secretary to the Government of His Highness the Maharaja of Mysore,

General and Revenue Departments.

Sir,

In para 75 of my administration report for the last year adverting to the desirability of equalising our rate of Ganja duty with that prevailing in British India, I stated as follows:-

" Comparing the quantity of consumption this year, 7938 seers with that of the preceding year, 8342 seers there is a slight decrease of only 404 seers. The consumption, therefore, has been steady at that level. If the effect of the doubling of rate of retail sale from 1 to 2 annas has been to pull down consumption from about 18000 seers in the quinquennium 1896-1901 to its lowest limit 8000 thus indicated from uniform consumption for 2 years it is noteworthy that this result has been obtained without any sacrifice of revenue from this source. This is a very important circumstance having a significant bearing on the question of equalising our duty with that in British India. In the latter territories, the rate of duty was recently raised to Rs. 5 per seer. In Mysore, it was not possible to raise it simultaneously, as the contract under which the supply of the drug and its sale had been arranged was in the middle of its course, and the stipulated time had to run out. With the end of the next official year, that period expires, and it will be time then for the assimilation of rates of duty in both provinces i,e, in Mysore and British India, to take place.

The

The difference between the present and the enhanced rate of dut will be Rs. 1-9-4 which the retail vendor can pay without any difficulty, as, by the rise in selling price from 1 to 2 annas per tola, he has an ample margin of profit left in his favor. He may have to pay a higher price for the drug as the price paid to the cultivator at present is not sufficiently remunerative to enable him to produce an article of superior quality. The possibility of such production has been established. For some years to come, therefore, better prices will have to be paid so as to make the cultivation attractive, and this increased cost will have to be borne by the vendor who, as I have pointed out, will be quite able to bear it from his present wide margin of profit. The consumer will not be affected as the present retail rate will not be enhanced. In the present state of consumption, this revenue is secure and may slightly improve. But with the inevitable spring of consumption to its normal state, as in that of the quinquennium from 1896-1901, the revenue must eventually rise largely".

2. In reviewing this portion of the report Government observed:-

" the doubling of the retail rate for the sale of Ganja is reported to have had no appreciable effect on the demand for the drug, and there was but a slight decrease in the quantity sold in 1905-6 as compared with the previous year. The enhancement of the rate of duty levied on Ganja in the State to the level of that in British India is apparently feasible as the demand for the drug is steady, and as the large profit which the vendor is making as the result of the rise in the retail sale price admits of reduction; and it is noted that the question of the assimilation of the rate in Mysore with that in British India, after the expiry of the present contract for the supply of Ganja at the end of the current Official year, is under the consideration of the Excise Commissioner."

3. The policy of assimilation of duty is therefore one which has been practically resolved upon by Government and

and as the Government is aware the introduction of the measure had only been delayed on account of the difficulty which was felt of bringing the increase into effect during the currency of the existing Ganja contract. Now that it terminates with the expiry of this official year, I beg to submit a draft of a notification enhancing the rate of duty from the present rate of Rs. 3-6-8 to Rs. 5. The duty on Majum may be also raised pro-portionately from Re 0-11-8 to 1-1-0 per seer of 80 tolas.

4. Regarding the price of Ganja I would propose that the rate of 0-13-4 a seer now in force with reference to the contract of Messrs Bajjanna and Maigondadeva Modelliar, be raised to Re 1-0-0 a seer that being the maximum price which Government will pay for the article hereafter under the revised arrangements just sanctioned. It is possible that the average price which Government pays may be somewhat less as the maximum rate will not be given in all cases. But the highest rate should be collected back from the retailer as he does not participate in the inevitable wastage which occurs in the central store-house throughout the year and which under the new arrangements will devolve on Government.

5. I beg to state that the enhancement of the duty and price of Ganja as proposed above will not in any way affect the demand for the drug or give rise to smuggling or other mal practices because the increases will not affect the consumer to whom the article will continue to be sold at the present rate of 2 annas per tola, and so far as the vendor is concerned he has no reasonable calls for complaint as his margin of profit on the sale will, as worked in the margin, still come up to

(a) Price	1-0-0	(b) Price per seer	0-13-4	Rupees 4 (a) a seer against (b) only 12 annas which he was getting.
Duty	5-0-0	Duty	3-6-8 raised to 2as from 1st July 1904	
Total	6-0-0	Total	4-4-0	
Retail price at 2 annas per tola	10-0-0	Retail price at one anna per tola	5-0-0	
Margin of profit	4-0-0	Margin of Profit	0-12-0	

getting till recently prior to the enhancement of the retail price from one anna to 2 annas a tola.

6. In these circumstances I have the honor to request early publication of the Notification submitted.

I have the honor to be,

sir,

your most obedient servant,

M Krishnaiya

Excise Commissioner

in Mysore.

No x. 8776 of 27-5-07

S.R. 130-06-2

DRAFT NOTIFICATION

In exercise of the powers conferred by section 24 of the Excise Regulation V of 1901 as amended by Regulation IV of 1902 and V of 1904 and in exercise of all other powers enabling them in this behalf and in supersession of the rates prescribed in para 4 (d) of Notification No. 391/Ex.f.2-97 dated 3rd March 1903, the Government of His Highness the Maharaja of Mysore are pleased to direct that the rates of duty inclusive of local cess payable to Government for Ganja and Majum shall be as particularised below with effect from 1st July 1907:-

	Duty including local cess.
Ganja per seer of 80 tolas	Rs. 5-0-0
Majum or any other preparation of Ganja (except halva) per seer of 80 tolas. ...	Rs. 1-1-0

Secy.

To the Comptroller, Mysore Gazette for publication in Part II of the Gazette, with a request to send 50 copies to the Secretariat & as many copies to the Comptroller as he may require.

P.T.O.

4938

Copy to Excise Comr
Certificate Coleis
Letter no 412 dy 7.12.07

No H 8777
dy 28-5-07

Sec

Copy to Comptroller.
Confirmation.

No H 8778
dy 28-5-07

(Despatch)

Sec

Copy
28/5/07

Typed
Ch.
27/5

NOTIFICATION.

No. Fl. 8776—*S. R.* 130-06-2, *dated 27th May* 1907.

In exercise of the powers conferred by section 24 of the Excise Regulation, V of 1901, as amended by Regulations IV of 1902 and V of 1904, and in exercise of all other powers enabling them in this behalf, and in supersession of the rates prescribed in para 4 (*d*) of Notification No. 391—Ex. F. 2-97, dated 3rd March 1903, the Government of His Highness the Maharaja of Mysore are pleased to direct that the rates of duty inclusive of *local cess* payable to Government for Ganja and Majum shall be as particularised below with effect from 1st July 1907 :—

	Duty including local cess. Rs. a. p.
Ganja per seer of 80 totas	5 0 0
Majum or any other preparation of Ganja (except halva) per seer of 80 tolas	1 1 0

By Order,
K. S. CHANDRASEKHARA AIYAR,
Secy. to Govt., Gen. & Rev. Depts.